

**PLYMOUTH COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Supplemental Information
Schedule of Findings and Questioned Costs
June 30, 2005**

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PLYMOUTH COUNTY, IOWA

COUNTY OFFICIALS

Name	Title	Term Expires
John Schneider	Board of Supervisors	December 31, 2008
Jim Henrich	Board of Supervisors	December 31, 2008
C. Gordon Greene	Board of Supervisors	December 31, 2006
Paul Sitzmann	Board of Supervisors	December 31, 2006
Jack Spies	Board of Supervisors	December 31, 2006
K. Kae Meyer	County Auditor	December 31, 2008
Linda Dobson	County Treasurer	December 31, 2006
Jolynn Goodchild	County Recorder	December 31, 2006
Mike Van Otterloo	County Sheriff	December 31, 2008
Darin J. Raymond	County Attorney	December 31, 2008
Judith DeBoer	County Assessor	December 31, 2009



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Plymouth County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of PLYMOUTH COUNTY, IOWA (the County) as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, management has not recorded capital assets or infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on these assets. U.S. generally accepted accounting principles require that those capital assets and general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles the financial position of the governmental activities of Plymouth County, Iowa, as of June 30, 2005, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, each major fund and the aggregate remaining fund information of Plymouth County, Iowa, as of June 30, 2005, and the respective changes in financial position thereof for the year ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented the management's discussion and analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2005 on our consideration of Plymouth County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on the major fund and aggregate remaining fund information.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
October 26, 2005

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 12,331,759
Receivables:	
Property Tax	49,884
Future Property Tax	5,768,108
Accrued Interest	35,283
Accounts	12,413
Due from Other Governmental Agencies	614,882
Inventories	804,432
Prepaid Insurance	78,286
Bond Issue Costs	143,540
Restricted Assets:	
Cash and Pooled Investments	727,438
Total Assets	<u>20,566,025</u>
LIABILITIES	
Accounts Payable	8,079,661
Due to Other Governmental Agencies	16,470
Deferred Revenue - Future Property Tax	5,768,108
Accrued Interest Payable	45,899
Salaries and Benefits Payable	96,040
Long Term Liabilities:	
Due Within One Year:	
General Obligation Bonds	385,000
Compensated Absences	195,672
Due in More Than One Year:	
General Obligation Bonds	12,340,000
Total Liabilities	<u>26,926,850</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(4,885,000)
Restricted for:	
Debt Service	628,084
Unrestricted	(2,103,909)
Total Net Assets	<u>\$ (6,360,825)</u>

See Accompanying Notes to Financial Statements

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues
		Charges for Services
Primary Government:		
Governmental Activities:		
Public safety and legal services	\$ 2,292,787	\$ 346,386
Physical health and social services	247,015	92,523
Mental health	1,431,115	
County environment and education	7,748,556	56,188
Roads and transportation	4,908,472	114,958
Government services to residents	591,565	417,614
Administration	2,401,472	9,309
Non-program services	41,639	
Capital Projects	2,454,669	
Debt Service	302,261	
Total governmental activities	<u>\$ 22,419,551</u>	<u>\$ 1,036,978</u>

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities
\$ 5,467		\$ (1,940,934)
56,735		(97,757)
788,885		(642,230)
26,029		(7,666,339)
4,050,346		(743,168)
8,048		(165,903)
22,257		(2,392,163)
	\$ 162,271	(19,382)
205,650		(2,292,398)
		(96,611)
<u>\$ 5,163,417</u>	<u>\$ 162,271</u>	<u>\$ (16,056,885)</u>

General Revenues:

Property taxes	5,158,039
Interest and penalties on taxes	73,035
State tax credits	292,371
Local option sales tax	906,061
General intergovernmental revenues	52,663
Interest	188,836
Miscellaneous	170,063
Total general revenues	<u>6,841,068</u>
Change in net assets	(9,215,817)
Net assets - beginning	<u>2,854,992</u>
Net assets - ending	<u>\$ (6,360,825)</u>

See Accompanying Notes to Financial Statements

COUNTY OF PLYMOUTH, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2005

	General	Mental Health	Rural Services
Assets			
Cash and Pooled Investments	\$ 683,598	\$ 804,826	\$ 1,237,311
Receivables:			
Property Tax	46,692	531	2,498
Future Property Tax	3,068,846	363,771	2,181,663
Accrued Interest	31,799		
Accounts	4,072	7,710	
Due from Other Funds		72,885	
Due from Other Governmental Agencies	87,369		
Prepaid Insurance	78,286		
Inventories			
Restricted Assets:			
Cash and Pooled Investments			
Total Assets	4,000,662	1,249,723	3,421,472
Liabilities and Equity			
Liabilities:			
Accounts Payable	45,286	169,195	25,976
Due to Other Funds	72,885		
Due to Other Governmental Agencies			16,470
Unearned Revenue	46,482	518	2,456
Deferred Revenue	3,068,846	363,771	2,181,663
Salaries and Benefits Payable	11,080		1,257
Total Liabilities	3,244,579	533,484	2,227,822
Fund Balances:			
Reserved for Debt Service			
Reserved for Inventories			
Reserved for Prepaid Insurance	78,286		
Unreserved for:			
General Fund	677,797		
Special Revenue Fund		716,239	1,193,650
Capital Project Fund			
Total Fund Balances	756,083	716,239	1,193,650
Total Liabilities and Equity	\$ 4,000,662	\$ 1,249,723	\$ 3,421,472

See Accompanying Notes to Financial Statements

Secondary Roads	Local Option Sales Tax	TIF	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,054,592	\$ 574,662	\$ 7,077,643	\$ 673,963	\$ 225,164	\$ 12,331,759
			163		49,884
			110,118	43,710	5,768,108
	3,206		17	261	35,283
				631	12,413
					72,885
373,871	153,642				614,882
					78,286
804,432					804,432
	727,438				727,438
2,232,895	1,458,948	7,077,643	784,261	269,766	20,495,370
591,128	147,471	7,098,103		2,502	8,079,661
					72,885
					16,470
			160		49,616
			110,118	43,710	5,768,108
83,703					96,040
674,831	147,471	7,098,103	110,278	46,212	14,082,780
804,432	727,438		673,983		1,401,421
					804,432
					78,286
					677,797
753,632	584,039	(20,460)		140,414	3,367,514
				83,140	83,140
1,558,064	1,311,477	(20,460)	673,983	223,554	6,412,590
\$ 2,232,895	\$ 1,458,948	\$ 7,077,643	\$ 784,261	\$ 269,766	\$ 20,495,370

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds (page 9)		\$	6,412,590
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.			49,616
Accrued expenses from the balance sheet that require current financial resources for governmental activities.			(45,899)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			143,540
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
	General Obligation Bonds	(12,725,000)	
	Compensated Absences	<u>(195,672)</u>	<u>(12,920,672)</u>
Total Net Assets - Governmental Activities (page 5)		\$	<u><u>(6,360,825)</u></u>

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COUNTY OF PLYMOUTH, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2005

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 2,687,326	\$ 344,089	\$ 1,982,819
Interest and penalties on taxes	41,285		
Intergovernmental	388,729	808,287	129,412
Licenses and permits	100		16,300
Charges for services	693,270		9,900
Use of money and property	267,329		
Miscellaneous	73,362	19,456	
Total Revenue	4,151,401	1,171,832	2,138,431
Expenditures:			
Current operating:			
Public safety and legal services	2,183,251		92,090
Physical health and social services	233,444		13,546
Mental Health		1,431,115	
County environment and education	369,965		288,941
Roads and transportation			
Government services to residents	562,470		
Administration	1,457,379		
Non-program services	41,639		
Capital projects			
Debt service:			
Principal			
Interest			
Total Expenditures	4,848,148	1,431,115	394,577
Excess (deficiency) of revenues over expenditures	(696,747)	(259,283)	1,743,854
Other financing sources (uses):			
Transfers in			
Transfers (out)			(1,725,000)
Proceeds from issuance of long-term debt			
Discounts on issuance of long-term debt			
Total other financing sources (uses)	-	-	(1,725,000)
Net Change in Fund Balances	(696,747)	(259,283)	18,854
Fund balances - beginning of year	1,393,227	975,522	1,174,796
Prior Period Adjustment	47,000		
Fund balances - beginning of year, restated	1,440,227	975,522	1,174,796
Increase in Reserve for:			
Prepaid Insurance	12,603		
Inventory			
Fund balances (deficits) - end of year	\$ 756,083	\$ 716,239	\$ 1,193,650

See Accompanying Notes to Financial Statements

Secondary Roads	Local Option Sales Tax	TIF	Debt Service	Other Governmental Funds	Total Governmental Funds
	\$ 906,061		\$ 103,906	\$ 42,241	\$ 6,066,442
					41,285
\$ 4,212,617			211,096	14,564	5,764,705
3,570					19,970
5,585				6,244	714,999
41,582	31,750	11,232	1,090	8,466	361,449
130,459				13,949	237,226
4,393,813	937,811	11,232	316,092	85,464	13,206,076
				593	2,275,934
					246,990
					1,431,115
		7,077,643		7,132	7,743,681
4,890,445					4,890,445
				25,944	588,414
	752,552			208,108	2,418,039
					41,639
2,454,669					2,454,669
			365,000		365,000
		20,460	279,869		300,329
7,345,114	752,552	7,098,103	644,869	241,777	22,756,255
(2,951,301)	185,259	(7,086,871)	(328,777)	(156,313)	(9,550,179)
1,725,000			329,317		2,054,317
	(318,173)			(11,144)	(2,054,317)
		7,178,171	661,829		7,840,000
		(111,760)			(111,760)
1,725,000	(318,173)	7,066,411	991,146	(11,144)	7,728,240
(1,226,301)	(132,914)	(20,460)	662,369	(167,457)	(1,821,939)
2,686,280	1,444,391		11,614	391,011	8,076,841
105,849					152,849
2,792,129	1,444,391	-	11,614	391,011	8,229,690
					12,603
(7,764)					(7,764)
\$ 1,558,064	\$ 1,311,477	\$ (20,460)	\$ 673,983	\$ 223,554	\$ 6,412,590

See Accompanying Notes to Financial Statements

COUNTY OF PLYMOUTH, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different

Net change in fund balances - total governmental funds (page 12)	\$ (1,821,939)
Revenues reported in the funds that are not available to provide current financial	(2,342)
Accrued interest expense that does not require current financial resources	(22,092)
Inventories and insurance in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	4,839
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	143,540
Compensated absences that do not require current financial resources.	(42,823)
Proceeds from issuance of long-term debt.	(7,840,000)
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>365,000</u>
Change in net assets of governmental activities (page 7)	<u><u>\$ (9,215,817)</u></u>

COUNTY OF PLYMOUTH, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
June 30, 2005

ASSETS

Cash and Pooled Investments	\$	1,310,061
Receivables:		
Property Tax		34,562
Future Property Tax		21,167,026
Assessments		12,151
Accounts		41,336
Accrued Interest		559
Due from Other Governments		631
Total Assets		<u>22,566,326</u>

LIABILITIES

Accounts Payable		27,380
Due to Other Governments		22,537,001
Compensated Absences		1,606
Salaries and Benefits Payable		339
Total Liabilities	\$	<u>22,566,326</u>

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COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

The County of Plymouth, Iowa (the County) is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Recorder, Treasurer, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, general administrative services, and economic development.

A. Reporting Entity

For financial reporting purposes, the County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Plymouth County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Plymouth County Assessor's Conference Board, Plymouth County and Municipal Joint Disaster Services Commission, and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported as Agency Funds of the County.

B. Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County has no business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

C. Basis of Presentation - Fund Accounting

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The County electively added funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The County reports the following major governmental funds:

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

- 2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting (Continued)

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and used for county infrastructure and county improvements.

The TIF Fund is used to account for the TIF dollars that will be generated by a new TIF district established in Plymouth County.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the payment of interest and principal on the County's general long-term debt.

Fiduciary Fund Types - Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the county, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting (Continued)

E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public safety and legal services, government services to residents, and debt service functions.

F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the county's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair value determined by current share price

G. Property Tax Receivable - The County's property tax rates were extended against the assessed valuation of the County as of January 1, 2003 to compute the amounts for the accrual period July 1, 2004 to June 30, 2005. These taxes were due and payable in two installments on September 30, 2004 and March 31, 2005 at the County Treasurer's Office. Property tax receivable represents taxes that are due and payable but have not been collected.

H. Future Property Taxes Receivable – This represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, for governmental funds the revenue is recorded as unearned revenue and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due from other governments.

I. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.

J. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting (Continued)

- K. Due to/from Other Governments - Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- L. Inventories - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- M. Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end.
- N. Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are not reported in the governmental activities column in the government-wide statement of net assets which is not in accordance with U.S. generally accepted accounting principles. For this reason, an adverse opinion has been issued on the financial statements for the year ended June 30, 2005.
- O. Landfill - The County participates in a 28E agreement with Plymouth County Solid Waste Agency and therefore, is not required to account for landfill post closure costs.
- P. Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absence liability attributable to the governmental activities will be paid primarily by General and Secondary Roads Funds.
- Q. Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- R. Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use a specific purpose.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 2 - Deposits and Pooled Investments

The County's deposits at June 30, 2005 were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Investment Trust which are valued at an amortized cost of \$109,008 pursuant to Rule 2a-7 under the Investment Company Act of 1940. This investment is not rated. The County had no other investments meeting the definition of GASB Statement 40.

Note 3 - Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2005 is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Mental Health	General	\$ 72,885

These balances were a result of receipts recorded in the General Fund in error. The interfund receivable and payable was set up to correct the error.

Note 4 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

	Transfer Out			
	Rural Services	Capital Projects	Local Option Sales Tax	Total
Transfer In:				
Secondary Roads	\$ 1,725,000			\$1,725,000
Debt Service Fund		\$ 11,144	\$ 318,173	329,317
	<u>\$ 1,725,000</u>	<u>\$ 11,144</u>	<u>\$ 318,173</u>	<u>\$2,054,317</u>

Transfers are used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.
2. Move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note - 5 Long-Term Liabilities

The County's computed legal debt limit as of June 30, 2005, is \$72,615,582 of which \$8,045,000 is committed for outstanding general obligation bonds.

The following is a summary of changes in long-term liability for the year ended June 30, 2005:

	General Obligation Bonds	L.O.S.T. Revenue Bonds	Compensated Absences	Total
Balance Beginning of Year	\$ 300,000	\$ 4,950,000	\$ 152,849	\$5,402,849
Increases	7,840,000	-	195,672	8,035,672
Decreases	95,000	270,000	152,849	517,849
Balance End of Year	<u>\$8,045,000</u>	<u>\$ 4,680,000</u>	<u>\$ 195,627</u>	<u>\$12,920,672</u>
Due Within One Year	<u>\$ 100,000</u>	<u>\$ 285,000</u>	<u>\$ 195,672</u>	<u>\$ 580,672</u>

Bonds Payable

A summary of the County's June 30, 2005 general obligation and local option sales tax revenue bond indebtedness is as follows:

	Date Of Issue	Interest Rates	Annual Payments	Amount Originally Issued	Outstanding June 30, 2005
<i>General Obligation Bonds:</i>					
Series 1996	1996	4.35 - 4.75%	\$67,000 - \$105,000	\$ 852,000	\$ 205,000
<i>Sales Tax Revenue Bonds:</i>					
Series 2002	2002	4.75 - 6.40%	\$200,000 - \$510,000	\$5,400,000	4,680,000
<i>General Obligation Urban Renewal Bonds:</i>					
Series 2005A	2005	3.15 - 4.40%	\$310,000-\$630,000	\$7,840,000	<u>7,840,000</u>
					<u>\$ 12,725,000</u>

In June 2005, the County issued \$7,840,000 of General Obligation Urban Renewal Bonds to be used for economic development purposes in Plymouth County. The bonds will be repaid with future TIF revenues generated from the increased tax base.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 5 - Long-Term Liabilities – (Continued)

The annual requirements to amortize all bonds outstanding as of June 30, 2005, are as follows:

Fiscal Year	General Obligation Principal	Sales Tax Revenue Bond Principal	Interest	Total
2006	\$ 100,000	\$ 285,000	\$ 553,911	\$ 938,911
2007	105,000	300,000	542,880	947,880
2008	-	320,000	518,363	838,363
2009	310,000	340,000	500,207	1,150,207
2010	325,000	360,000	473,458	1,158,458
2011-2015	1,930,000	2,080,000	1,883,341	5,893,341
2016-2020	2,370,000	995,000	975,329	4,340,329
2021-2025	2,905,000		388,335	3,293,335
	<u>\$ 8,045,000</u>	<u>\$ 4,680,000</u>	<u>\$ 5,835,824</u>	<u>\$ 18,560,824</u>

\$1,401,421 is available to service the General Obligation and Sales Tax Revenue Bonds. The general obligation bonds are to be retired through property tax levies. The Sales Tax Revenue Bonds are to be retired through local option sales tax revenue and contributions from surrounding communities pursuant to a 28E agreement.

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of the revenue bonds. A summary of the fund requirements is as follows:

Special Revenue	Type of Account	Required Balance June 30, 2005	Actual Balance June 30, 2005
Local Option Sales Tax	Sinking Fund	\$ 187,438	\$ 187,438*
Local Option Sales Tax	Reserve Fund	\$ 540,000	\$ 540,000*

*Amounts are classified as restricted assets on the combined balance sheet.

Note 6 - Risk Management

Plymouth County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 6 - Risk Management (Continued)

Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were \$204,103.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions; however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 6 - Risk Management (Continued)

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

Note 7 - Pension and Retirement

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages for the year ended June 30, 2005 are 5.1% and 7.66%, respectively. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$240,599, \$223,205, and \$213,770, respectively, equal to the required contributions for each year.

Note 8 - 28E Agreement

During the year ended June 30, 2002, the County entered into several 28E Agreements with the communities in the County to contribute funds for the construction of a County jail from local option sales tax proceeds. The communities agreed to contribute a total of \$3,227,696 through November 2016. As of June 30, 2005, the communities have made payments totaling \$654,937.

Note 9 - Contingencies

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2005, the County estimates that no material liabilities will result from such audits.

The County is also disputing charges for services provided by two of its vendors in relation to the construction of the County Jail/Law Enforcement Center. The outcome of this lawsuit as of June 30, 2005 is not presently determinable and an estimate of possible losses cannot be made. Subsequent to the issuance of the report, this lawsuit was settled, with Plymouth County paying \$20,000 to resolve all issues of liability.

Note 10 - Construction Commitment

The County has entered into several construction contracts totaling \$1,294,468 for bridge and

COUNTY OF PLYMOUTH, IOWA
Notes to Financial Statements
June 30, 2005

Note 10 - Construction Commitment (Continued)

culvert construction and roadway paving. As of June 30, 2005 costs of \$447,574 had been incurred against the contracts. The balance of \$846,894 will be paid as work on the projects progress.

Note 11 - Deficit Fund Balances

The County has one fund with a deficit fund balance at June 30, 2005. The County intends to finance this deficit from future TIF revenues.

The individual fund deficit was as follows:

Special Revenue – TIF	\$ 20,460
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Note 12 - Prior Period Adjustment

In the financial statements for the year ended June 30, 2004, the liability for compensated absences for active employees was recorded in error in the governmental funds. The beginning fund balances have been adjusted to correct the overstated liability at June 30, 2004.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF PLYMOUTH, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Amended	(Cash Basis)	Final Budget
				Positive
				(Negative)
Revenue:				
Property and other county taxes	\$ 5,936,120	\$ 5,936,120	\$ 6,067,373	\$ 131,253
Interest and penalties on taxes	70,500	70,500	45,744	(24,756)
Intergovernmental	5,449,093	6,757,578	5,911,141	(846,437)
Licenses and permits	25,000	25,000	19,970	(5,030)
Charges for services	285,600	415,600	749,585	333,985
Use of money and property	255,000	255,000	364,703	109,703
Miscellaneous	15,000	89,000	203,342	114,342
Total Revenue	12,036,313	13,548,798	13,361,858	(186,940)
Expenditures:				
Current operating:				
Public safety and legal services	2,165,078	2,229,363	2,252,001	(22,638)
Physical health and social services	273,338	289,838	245,227	44,611
Mental Health	1,519,180	1,619,180	1,445,621	173,559
County environment and education	667,817	682,317	650,419	31,898
Roads and transportation	5,238,000	5,248,000	4,792,000	456,000
Government services to residents	567,384	579,384	588,067	(8,683)
Administration	1,567,187	2,507,187	2,178,926	328,261
Non-program services		479,000	41,639	437,361
Debt service	109,153	109,153	644,869	(535,716)
Capital projects	2,184,380	3,291,000	2,633,745	657,255
Total Expenditures	14,291,517	17,034,422	15,472,514	1,561,908
(Deficiency) of revenues over expenditures	(2,255,204)	(3,485,624)	(2,110,656)	1,374,968
Other financing sources (uses):				
Transfers in	1,745,000	1,745,000	2,054,317	309,317
Transfers out	(1,745,000)	(1,745,000)	(2,054,317)	(309,317)
Proceeds from issuance of long-term debt			7,840,000	7,840,000
Discounts on issuance of long-term debt	-	-	(111,760)	(111,760)
Total other financing sources (uses)	-	-	7,728,240	7,728,240
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,255,204)</u>	<u>\$ (3,485,624)</u>	5,617,584	<u>\$ 9,103,208</u>
Balance beginning of year			7,441,613	
Balance end of year			<u>\$ 13,059,197</u>	

COUNTY OF PLYMOUTH, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,742,905. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2005, the County had three budget amendments. The amendments are as follows:

<u>Function</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
Public Safety and Legal Services	\$ 2,165,078	\$ 64,285	\$ 2,229,363
Physical Health and Social Services	273,338	16,500	289,838
Mental Health	1,519,180	100,000	1,619,180
County Environment	667,817	14,500	682,317
Roads and Transportation	5,238,000	10,000	5,248,000
Government Services to Residents	567,384	12,000	579,384
Administration	1,567,187	940,000	2,507,187
Non-Program	-	479,000	479,000
Capital Projects	2,184,380	1,106,620	3,291,000
Debt Service	109,153	-	109,153
Total	<u>\$ 14,291,517</u>	<u>\$ 2,742,905</u>	<u>\$ 17,034,422</u>

COUNTY OF PLYMOUTH, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public safety and legal services, government services to residents, and debt service functions.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2004-05 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

	Governmental Funds		
		Total	
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,361,858	\$ (155,782)	\$ 13,206,076
Expenditures	15,472,514	7,283,741	22,756,255
Net	(2,110,656)	(7,439,523)	(9,550,179)
Beginning Fund Balance	7,728,240	-	7,728,240
Other Financing Sources (Uses)	7,441,613	788,077	8,229,690
Increase in Reserve for Prepaid Insurance	-	12,603	12,603
Increase in Reserve for Inventory	-	(7,764)	(7,764)
Ending Fund Balance	<u>\$ 13,059,197</u>	<u>\$ (6,646,607)</u>	<u>\$ 6,412,590</u>

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF PLYMOUTH, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2005

	Special Revenue Funds		
	Recorder's Records Management Fund	EMS Fund	REAP
Assets			
Cash and Pooled Investments	\$ 36,540	\$ 1,751	\$ 29,516
Receivables:			
Future Property Tax			
Accrued Interest	64	2	36
Accounts	631		
Total Assets	<u>37,235</u>	<u>1,753</u>	<u>29,552</u>
Liabilities and Equity			
Liabilities:			
Accounts Payable			
Deferred Revenue - Future Property Tax			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Unreserved for:			
Special Revenue Fund	37,235	1,753	29,552
Capital Project Fund			
Total Fund Balances	<u>37,235</u>	<u>1,753</u>	<u>29,552</u>
Total Liabilities and Equity	<u>\$ 37,235</u>	<u>\$ 1,753</u>	<u>\$ 29,552</u>

Special Revenue Funds						
Forfeiture Fund	County TIF	Conservation Land Acquisition	Recorder's Electronic Transaction Fund	Capital Projects	Total	
\$ 28,984	\$ 723	\$ 31,818	\$ 10,941	\$ 84,891	\$	225,164
	43,710					43,710
				159		261
				-		631
28,984	44,433	31,818	10,941	85,050		269,766
592				1,910		2,502
	43,710					43,710
592	43,710	-	-	1,910		46,212
28,392	723	31,818	10,941			140,414
				83,140		83,140
28,392	723	31,818	10,941	83,140		223,554
\$ 28,984	\$ 44,433	\$ 31,818	\$ 10,941	\$ 85,050	\$	269,766

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2005

	Special Revenue Funds		
	Recorder's Records Management Fund	EMS Fund	REAP
Revenue:			
Property and other county taxes			\$ 12,673
Intergovernmental			
Charges for services	\$ 6,244		
Use of money and property	662	\$ 25	343
Miscellaneous			
Total Revenue	6,906	25	13,016
Expenditures:			
Current operating:			
Public safety and legal services			
County environment and education			7,132
Government services to residents			
Administration			
Total Expenditures	-	-	7,132
Excess (Deficiency) of revenues over expenditures	6,906	25	5,884
Other financing sources (uses):			
Transfers (out)			
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	6,906	25	5,884
Fund balances - beginning of year	30,329	1,728	23,668
Fund balances - end of year	\$ 37,235	\$ 1,753	\$ 29,552

Special Revenue Funds					
Forfeiture Fund	County TIF	Conservation Land Acquisition	Recorder's Electronic Transaction Fund	Capital Projects	Total
	\$ 42,241				\$ 42,241
\$ 1,891					14,564
					6,244
483				\$ 6,953	8,466
5,654				8,295	13,949
8,028	42,241	-	-	15,248	85,464
593					593
					7,132
			25,944		25,944
	41,864			166,244	208,108
593	41,864	-	25,944	166,244	241,777
7,435	377	-	(25,944)	(150,996)	(156,313)
				(11,144)	(11,144)
-	-	-	-	(11,144)	(11,144)
7,435	377	-	(25,944)	(162,140)	(167,457)
20,957	346	31,818	36,885	245,280	391,011
\$ 28,392	\$ 723	\$ 31,818	\$ 10,941	\$ 83,140	\$ 223,554

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2005

	County Recorder	County Sheriff	Ag Extension Education	County Assessor
ASSETS				
Cash and Pooled Investments	\$ 67,828	\$ 5,710	\$ 2,147	\$ 90,493
Receivables:				
Property Tax			241	470
Future Property Tax			165,448	322,882
Assessments				
Accounts	91			
Accrued Interest				83
Due from Other Governments				
Total Assets	67,919	5,710	167,836	413,928
LIABILITIES				
Accounts Payable				56
Due to Other Governments	67,919	5,710	167,836	412,379
Compensated Absences				1,493
Salaries and Benefits Payable				
Total Liabilities	\$ 67,919	\$ 5,710	\$ 167,836	\$ 413,928

Schools	Area Schools	Corporations	Townships	City Special Assessments
\$ 176,785	\$ 7,132	\$ 59,230	\$ 3,278	\$ 90
19,291	948	13,309	296	
12,538,982	801,619	7,082,932	251,443	12,151
12,735,058	809,699	7,155,471	255,017	12,241
12,735,058	809,699	7,155,471	255,017	12,241
\$ 12,735,058	\$ 809,699	\$ 7,155,471	\$ 255,017	\$ 12,241

(continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS (Continued)
Agency Funds
JUNE 30, 2004

	Auto License-Use Tax	Joint Disaster	Brucellosis & Tuberculosis Eradication	Tax Redemption
ASSETS				
Cash and Pooled Investments	\$ 524,035	\$ 30,271	\$ 50	\$ 18,734
Receivables:				
Property Tax			7	
Future Property Tax			3,720	
Assessments				
Accounts				
Accrued Interest				
Due from Other Governments				
Total Assets	524,035	30,271	3,777	18,734
LIABILITIES				
Accounts Payable		875		
Due to Other Governments	524,035	29,283	3,777	18,734
Compensated Absences		113		
Salaries and Benefits Payable				
Total Liabilities	\$ 524,035	\$ 30,271	\$ 3,777	\$ 18,734

Emergency 911	Future Tax Payment	Recorder's Electronic Fee Fund	Drainage Districts	Total
\$ 231,204	\$ 82,355	\$ 603	\$ 10,116	\$ 1,310,061
				34,562
				21,167,026
				12,151
41,245				41,336
476				559
		\$ 631		631
272,925	82,355	1,234	10,116	22,566,326
26,449				27,380
246,137	82,355	1,234	10,116	22,537,001
				1,606
339				339
\$ 272,925	\$ 82,355	\$ 1,234	\$ 10,116	\$ 22,566,326

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds
Year Ended June 30, 2005

	Balance June 30, 2004	Addi- tions	Deduc- tions	Balance June 30, 2005
County Recorder				
<i>Assets</i>				
Cash and Pooled Investments	\$ 59,320	\$ 395,607	\$ 387,099	\$ 67,828
Accounts Receivable	331	91	331	91
Total Assets	<u>59,651</u>	<u>395,698</u>	<u>387,430</u>	<u>67,919</u>
<i>Liabilities</i>				
Due to Other Governments	<u>59,651</u>	<u>395,698</u>	<u>387,430</u>	<u>67,919</u>
Total Liabilities	<u>59,651</u>	<u>395,698</u>	<u>387,430</u>	<u>67,919</u>
County Sheriff				
<i>Assets</i>				
Cash and Pooled Investments	<u>8,195</u>	<u>278,783</u>	<u>281,268</u>	<u>5,710</u>
Total Assets	<u>8,195</u>	<u>278,783</u>	<u>281,268</u>	<u>5,710</u>
<i>Liabilities</i>				
Due to Other Governments	<u>8,195</u>	<u>278,783</u>	<u>281,268</u>	<u>5,710</u>
Total Liabilities	<u>8,195</u>	<u>278,783</u>	<u>281,268</u>	<u>5,710</u>
Agricultural Extension Education				
<i>Assets</i>				
Cash and Pooled Investments	1,880	158,930	158,663	2,147
Property Tax Receivable	328	241	328	241
Future Property Tax Receivable	159,002	165,448	159,002	165,448
Total Assets	<u>161,210</u>	<u>324,619</u>	<u>317,993</u>	<u>167,836</u>
<i>Liabilities</i>				
Due to Other Governments	<u>161,210</u>	<u>324,619</u>	<u>317,993</u>	<u>167,836</u>
Total Liabilities	<u>161,210</u>	<u>324,619</u>	<u>317,993</u>	<u>167,836</u>
County Assessor				
<i>Assets</i>				
Cash and Pooled Investments	114,050	329,449	353,006	90,493
Property Tax Receivable	678	470	678	470
Future Property Tax Receivable	327,972	322,882	327,972	322,882
Accrued Interest	108	83	108	83
Total Assets	<u>442,808</u>	<u>652,884</u>	<u>681,764</u>	<u>413,928</u>
<i>Liabilities</i>				
Accounts Payable	143	56	143	56
Compensated Absences	1,001	1,493	1,001	1,493
Due to Other Governments	441,664	651,335	680,620	412,379
Total Liabilities	<u>\$ 442,808</u>	<u>\$ 652,884</u>	<u>\$ 681,764</u>	<u>\$ 413,928</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2005

	Balance June 30, 2004	Addi- tions	Deduc- tions	Balance June 30, 2005
Schools				
<i>Assets</i>				
Cash and Pooled Investments	\$ 187,269	\$ 12,706,268	\$ 12,716,752	\$ 176,785
Property Tax Receivable	27,193	19,291	27,193	19,291
Future Property Tax Receivable	12,716,232	12,538,982	12,716,232	12,538,982
Total Assets	<u>12,930,694</u>	<u>25,264,541</u>	<u>25,460,177</u>	<u>12,735,058</u>
<i>Liabilities</i>				
Due to Other Governments	12,930,694	25,264,541	25,460,177	12,735,058
Total Liabilities	<u>12,930,694</u>	<u>25,264,541</u>	<u>25,460,177</u>	<u>12,735,058</u>
Area Schools				
<i>Assets</i>				
Cash and Pooled Investments	7,794	649,028	649,690	7,132
Property Tax Receivable	1,093	948	1,093	948
Future Property Tax Receivable	649,278	801,619	649,278	801,619
Total Assets	<u>658,165</u>	<u>1,451,595</u>	<u>1,300,061</u>	<u>809,699</u>
<i>Liabilities</i>				
Due to Other Governments	658,165	1,451,595	1,300,061	809,699
Total Liabilities	<u>658,165</u>	<u>1,451,595</u>	<u>1,300,061</u>	<u>809,699</u>
Corporations				
<i>Assets</i>				
Cash and Pooled Investments	54,774	6,699,308	6,694,852	59,230
Property Tax Receivable	21,020	13,309	21,020	13,309
Future Property Tax Receivable	6,725,674	7,082,932	6,725,674	7,082,932
Total Assets	<u>6,801,468</u>	<u>13,795,549</u>	<u>13,441,546</u>	<u>7,155,471</u>
<i>Liabilities</i>				
Due to Other Governments	6,801,468	13,795,549	13,441,546	7,155,471
Total Liabilities	<u>6,801,468</u>	<u>13,795,549</u>	<u>13,441,546</u>	<u>7,155,471</u>
Townships				
<i>Assets</i>				
Cash and Pooled Investments	2,944	206,360	206,026	3,278
Property Tax Receivable	395	296	395	296
Future Property Tax Receivable	206,489	251,443	206,489	251,443
Total Assets	<u>209,828</u>	<u>458,099</u>	<u>412,910</u>	<u>255,017</u>
<i>Liabilities</i>				
Due to Other Governments	209,828	458,099	412,910	255,017
Total Liabilities	<u>\$ 209,828</u>	<u>\$ 458,099</u>	<u>\$ 412,910</u>	<u>\$ 255,017</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2005

	Balance June 30, 2004	Addi- tions	Deduc- tions	Balance June 30, 2005
City Special Assessments				
<i>Assets</i>				
Cash and Pooled Investments	\$ 1,371	\$ 3,036	\$ 4,317	\$ 90
Assessments Receivable	3,500	12,151	3,500	12,151
Total Assets	<u>4,871</u>	<u>15,187</u>	<u>7,817</u>	<u>12,241</u>
<i>Liabilities</i>				
Due to Other Governments	4,871	15,187	7,817	12,241
Total Liabilities	<u>4,871</u>	<u>15,187</u>	<u>7,817</u>	<u>12,241</u>
Auto License and Use Tax				
<i>Assets</i>				
Cash and Pooled Investments	526,456	6,116,648	6,119,069	524,035
Total Assets	<u>526,456</u>	<u>6,116,648</u>	<u>6,119,069</u>	<u>524,035</u>
<i>Liabilities</i>				
Due to Other Governments	526,456	6,116,648	6,119,069	524,035
Total Liabilities	<u>526,456</u>	<u>6,116,648</u>	<u>6,119,069</u>	<u>524,035</u>
Joint Disaster				
<i>Assets</i>				
Cash and Pooled Investments	30,140	100,421	100,290	30,271
Due from Other Governments	2,923	-	2,923	-
	<u>33,063</u>	<u>100,421</u>	<u>103,213</u>	<u>30,271</u>
<i>Liabilities</i>				
Accounts Payable	548	875	548	875
Compensated Absences	980	113	980	113
Due to Other Governments	31,535	99,433	101,685	29,283
Total Liabilities	<u>33,063</u>	<u>100,421</u>	<u>103,213</u>	<u>30,271</u>
Brucellosis and Tuberculosis Eradication				
<i>Assets</i>				
Cash and Pooled Investments	57	6,121	6,128	50
Property Tax Receivable	7	7	7	7
Future Property Tax	4,000	3,720	4,000	3,720
Total Assets	<u>4,064</u>	<u>9,848</u>	<u>10,135</u>	<u>3,777</u>
<i>Liabilities</i>				
Due to Other Governments	4,064	9,848	10,135	3,777
Total Liabilities	<u>\$ 4,064</u>	<u>\$ 9,848</u>	<u>\$ 10,135</u>	<u>\$ 3,777</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2005

	Balance June 30, 2004	Addi- tions	Deduc- tions	Balance June 30, 2005
Tax Redemption				
<i>Assets</i>				
Cash and Pooled Investments	\$ 8,926	\$ 236,726	\$ 226,918	\$ 18,734
Total Assets	<u>8,926</u>	<u>236,726</u>	<u>226,918</u>	<u>18,734</u>
<i>Liabilities</i>				
Due to Other Governments	<u>8,926</u>	<u>236,726</u>	<u>226,918</u>	<u>18,734</u>
Total Liabilities	<u>8,926</u>	<u>236,726</u>	<u>226,918</u>	<u>18,734</u>
E-911				
<i>Assets</i>				
Cash and Pooled Investments	187,143	175,537	131,476	231,204
Accounts Receivable	77,693	41,245	77,693	41,245
Accrued Interest	237	476	237	476
Total Assets	<u>265,073</u>	<u>217,258</u>	<u>209,406</u>	<u>272,925</u>
<i>Liabilities</i>				
Accounts Payable	15,141	26,449	15,141	26,449
Salaries and Benefits Payable	590	339	590	339
Due to Other Governments	249,342	190,470	193,675	246,137
Total Liabilities	<u>265,073</u>	<u>217,258</u>	<u>209,406</u>	<u>272,925</u>
Future Tax				
<i>Assets</i>				
Cash and Pooled Investments	<u>68,367</u>	<u>84,608</u>	<u>70,620</u>	<u>82,355</u>
Total Assets	<u>68,367</u>	<u>84,608</u>	<u>70,620</u>	<u>82,355</u>
<i>Liabilities</i>				
Due to Other Governments	<u>68,367</u>	<u>84,608</u>	<u>70,620</u>	<u>82,355</u>
Total Liabilities	<u>68,367</u>	<u>84,608</u>	<u>70,620</u>	<u>82,355</u>
Recorder's Electronic Fee Fund				
<i>Assets</i>				
Cash	-	8,330	7,727	603
Due From Other Governments	2,670	631	2,670	631
Total Assets	<u>2,670</u>	<u>8,961</u>	<u>10,397</u>	<u>1,234</u>
<i>Liabilities</i>				
Due to Other Governments	<u>2,670</u>	<u>8,961</u>	<u>10,397</u>	<u>1,234</u>
Total Liabilities	<u>2,670</u>	<u>8,961</u>	<u>10,397</u>	<u>1,234</u>

(Continued)

COUNTY OF PLYMOUTH, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
Agency Funds
Year Ended June 30, 2005

	Balance July 1, 2004	Addi- tions	Deduc- tions	Balance June 30, 2005
Drainage Districts				
<i>Assets</i>				
Cash and Pooled Investments	39,116	-	29,000	10,116
Total Assets	<u>39,116</u>	<u>-</u>	<u>29,000</u>	<u>10,116</u>
<i>Liabilities</i>				
Due to Other Governments	39,116	-	29,000	10,116
Total Liabilities	<u>\$ 39,116</u>	<u>\$ -</u>	<u>\$ 29,000</u>	<u>\$ 10,116</u>
 Total All Agency Funds				
<i>Assets</i>				
Cash and Pooled Investments	\$ 1,297,802	\$ 28,155,160	\$ 28,142,901	\$ 1,310,061
Receivables:				
Property Tax	50,714	34,562	50,714	34,562
Future Property Tax	20,788,647	21,167,026	20,788,647	21,167,026
Accounts	78,024	41,336	78,024	41,336
Assessments	3,500	12,151	3,500	12,151
Accrued Interest	345	559	345	559
Due from Other Governments	<u>5,593</u>	<u>631</u>	<u>5,593</u>	<u>631</u>
Total Assets	<u>22,224,625</u>	<u>49,411,425</u>	<u>49,069,724</u>	<u>22,566,326</u>
<i>Liabilities</i>				
Accounts Payable	15,832	27,380	15,832	27,380
Due to Other Governments	22,206,222	49,382,100	49,051,321	22,537,001
Compensated Absences	1,981	1,606	1,981	1,606
Salaries and Benefits Payable	<u>590</u>	<u>339</u>	<u>590</u>	<u>339</u>
Total Liabilities	<u>\$ 22,224,625</u>	<u>\$ 49,411,425</u>	<u>\$ 49,069,724</u>	<u>\$ 22,566,326</u>

COUNTY OF PLYMOUTH, IOWA

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Years Ended June 30, 2005, 2004, 2003, 2002**

	Modified Accrual Basis of Accounting			
	2005	2004	2003	2002
Revenue:				
Property and other county tax	\$ 6,066,442	\$ 6,117,788	\$ 5,468,980	\$ 4,611,642
Interest and penalty on property tax	41,285	54,117	73,955	50,399
Intergovernmental	5,764,705	6,098,652	5,736,528	5,400,875
Licenses and permits	19,970	13,720	15,685	17,635
Charges for services	714,999	645,852	671,938	476,559
Use of money and property	361,449	325,344	482,243	521,451
Miscellaneous	237,226	298,171	78,838	202,116
Total Revenue	<u>\$ 13,206,076</u>	<u>\$ 13,553,644</u>	<u>\$ 12,528,167</u>	<u>\$ 11,280,677</u>
Expenditures:				
Current operating:				
Public safety and legal services	\$ 2,275,934	\$ 2,026,630	\$ 1,728,393	\$ 1,603,106
Physical health and social services	246,990	314,657	328,268	367,392
Mental health	1,431,115	1,285,294	1,548,898	1,293,846
County environment and education	7,743,681	614,980	539,664	499,373
Roads and transportation	4,890,445	4,877,358	4,312,639	4,020,170
Government services to residents	588,414	535,747	494,248	455,357
Administration	2,418,039	1,855,790	1,240,332	1,188,254
Non-program services	41,639	25,000	-	10,000
Capital projects	2,454,669	2,617,181	6,044,927	1,678,485
Debt service	665,329	639,790	654,067	111,418
Total	<u>\$ 22,756,255</u>	<u>\$ 14,792,427</u>	<u>\$ 16,891,436</u>	<u>\$ 11,227,401</u>

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PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part I: Summary of the Independent Auditor's Results

- (a) An adverse opinion was issued on the financial statements due to the omission of the capital assets from the Statement of Net Assets.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Non Compliance:

No matters were reported.

There were no prior year audit findings.

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Reportable Conditions:

II-A-05: Grant Administration

Observation - The County does not have a system in place to monitor the various grants received by the County.

Recommendation – The County should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Response – The County understands the nature of the weakness and has begun implementing grant administration procedures.

Conclusion – Response accepted.

II-B-05 Capital Assets

Observation - The County does not maintain a schedule of capital assets. For this reason, capital assets have been omitted from the governmental activities column in the government-wide statement of net assets, which is not in accordance with U.S. generally accepted accounting principles.

Recommendation – The County should assign an individual to prepare and maintain a schedule of capital assets to allow financial reporting in accordance with U.S. generally accepted accounting principles.

Response– The County understands the need to prepare and maintain a schedule of capital assets and will complete the schedule for the subsequent fiscal year.

Conclusion – Response accepted.

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part III: Other Findings Related to Statutory Reporting

III-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.

III-B-05 Certified Budget – Disbursements for the year ended June 30, 2005, exceeded the amount budgeted in the Public Safety and Legal Services functional area, the Government Services to Residents functional area, and the Debt Service functional area.

Recommendation – The budget should be amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – We will amend our budget before disbursements exceed the budget.

Conclusion – Response accepted.

III-C-05 Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

III-D-05 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-E-05 Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2005.

III-F-05 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

III-G-05 Board Minutes – In accordance with Chapter 331.432 of the Code of Iowa, transfers were not authorized by resolution of the Board.

Recommendation – Transfers should be approved/authorized by resolution of the Board of Supervisors.

Response – The Board will do in future.

Conclusion – Response accepted.

PLYMOUTH COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part III: Other Findings Related to Statutory Reporting (Continued)

- III-H-05** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2005 for the County Extension Office did not exceed the amount budgeted.
- III-I-05** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- III-J-05** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Plymouth County, Iowa

We have audited the financial statements of PLYMOUTH COUNTY, IOWA as of and for the year ended June 30, 2005, and have issued our report thereon dated October 26, 2005, which was adverse because of the omission of the capital assets from the statement of net assets. We conducted our audit in accordance with U.S. generally accepted auditing standards and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether Plymouth County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have not been resolved.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Plymouth County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Plymouth County's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-05 and II-B-05.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items II-A-05 and II-B-05 to be material weaknesses. The prior year reportable conditions have not been resolved.

This report, a public record by law, is intended solely for the information and use of the Board of Supervisors, employees and citizens of Plymouth County and other parties to whom Plymouth County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Plymouth County during the course of our audit.

If you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
October 29, 2005